

Message Text

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42

ACTION EA-09

INFO OCT-01 IO-13 ISO-00 SP-02 USIA-15 AID-05 EB-07 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04

SIL-01 A-01 OPR-02 SY-05 USSS-00 NEA-10 L-03 H-02

PA-02 PRS-01 /129 W

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R 270647Z APR 76

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 3204

USDA/FAS WASHDC

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

US MISSION GENEVA 250

UNCLAS KUALA LUMPUR 2393

GENEVA FOR SECRETARY'S PARTY

E.O. 11652: N/A

TAGS: OVIP (BUTZ, EARL) MY

SUBJECT: VISIT TO MALAYSIA OF SECRETARY OF AGRICULTURE EARL BUTZ

SUMMARY: DURING A 24-HOUR VISIT TO MALAYSIA, SECRETARY BUTZ MET THE MINISTER OF PRIMARY INDUSTRIES (THERE IS CURRENTLY NO MINISTER OF AGRICULTURE); VISITED A 13,000 ACRE OIL PALM RESETTLEMENT PROJECT VISITED A LEADING PRIVATE PALM OIL ESTATE; EXCHANGED VIEWS WITH KEY MEMBERS OF THE MALAYSIAN OIL PALM GROWERS COUNCIL; HELD A PRESS CONFERENCE; TAPED A TEN MINUTE TELEVISION INTERVIEW WITH RTM; AND ATTENDED A DINNER HOSTED BY THE MINISTER OF PRIMARY INDUSTRIES. THE VISIT WAS TIMELY AND FULLY APPRECIATED BY GOM OFFICIALS
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AND THOSE IN THE OIL PALM INDUSTRY. SECRETARY BUTZ ASSURED

THE MALAYSIANS ON SEVERAL OCCASIONS THAT THE ADMINISTRATION WOULD RESIST PRESSURES TO RESTRICT IMPORTS OF PALM OIL INTO THE U.S. AT THE SAME HE CAUTIONED THE MALAYSIANS ABOUT UNRESTRICTED PLANTING OF OIL PALM IN VIEW OF THE UNCERTAIN SUPPLY-PRICE SITUATION THE INDUSTRY MAY FACE FIVE YEARS HENCE. THE SECRETARY ALSO POINTED OUT THAT THE U.S. GOVERNMENT HAS NO INTENTION OF ABANDONING ITS SUPPORT OF THE U.S. SOYBEAN FARMERS. WHAT THE SECRETARY SAID, AND THEY WAY HE SAID IT DID MUCH TO RELIEVE THE FEARS HERE THAT THE U.S., WHILE TALKING FREER TRADE ON THE ONE HAND WAS MOVING TOWARD A MORE TRADE RESTRICTIVE STANCE ON THE OTHER. PRESS COVERAGE WAS EXTENSIVE AND EDITORIAL COMMENT FOLLOWING THE VISIT WAS FAVORABLE. END SUMMARY.

1. SECRETARY BUTZ AND PARTY ARRIVED IN KUALA LUMPUR AT 09:00 TO SPEND ONE DAY VISITING PALM OIL PRODUCTION AND PROCESSING FACILITIES AND CONFERRING WITH MALAYSIANS GOVT OFFICIALS AND PRIVATE SECTOR ON PROBLEMS ASSOCIATED WITH MALAYSIAN PALM OIL.

2. THE SECRETARY ACCOMPANIED BY THE MINISTER OF PRIMARY INDUSTRIES, AMBASSADOR UNDERHILL, SEVERAL MEMBERS OF THE SECRETARY'S PARTY, AGATTACHE AND GOM OFFICIALS FIRST FLEW TO TROLAK, ABOUT 70 MILES NORTH OF KUALA LUMPUR TO VISIT THE 13,000 ACRE FELDA SETTLEMENT PROJECT. THE PARTY WAS MET ON ARRIVAL BY FELDA'S DIRECTOR GENERAL, RAJA ALIAS, SEVERAL MEMBERS OF HIS STAFF, AND OFFICIALS FROM THE MINISTRY OF PRIMARY INDUSTRIES. FOLLOWING A BRIEF WELCOMING CEREMONY, VISITS TO SEVERAL SETTLER HOMES, AND THE KINDERGARTEN, THE PARTY WAS BRIEFED ON FELDA'S NATIONWIDE RESETTLEMENT AND LAND DEVELOPMENT ACTIVITIES.

3. THE PARTY THEN FLEW ON TO JENDERATTA, NEAR TELUK ANSON IN SOUTH WESTERN PERAK, TO THE UNITED PLANTATIONS ESTATE. HERE THE PARTY WAS MET BY THE U.P. VICE CHAIRMAN, MR. B. BEK-NIELSEN WHO IS ALSO INCOMING PRESIDENT OF OIL PALM GROWERS COUNCIL. ALSO PRESENT WERE OTHER PROMINENT INDUSTRY LEADERS./

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4. FOLLOWING LUNCHEON ON THE ESTATE, MR. BEK-NIELSEN PRESENTED THE INDUSTRY'S CASE TO THE SECRETARY AND MEMBERS OF THE PARTY. THE POINTS HE MADE WERE ESSENTIALLY THE SAME ONES PRESENTED TO THE EMBASSY AND FORWARDED TO THE DEPT OF AGRICULTURE DURING THE RECENT HOUSE AGRICULTURE SUBCOMMITTEE HEARINGS. SECRETARY BUTZ RESPONDED TO BEK-NIELSEN REMARKS BY SAYING ONCE AGAIN THAT THE U.S.

IS COMMITTED TO FREER TRADE IN AGR PRODUCTS, AND THAT WE STOOD TO LOSE MORE THAN WE STOOD TO GAIN FROM PLACING RESTRICTIONS ON IMPORTS OF MALAYSIAN PALM OIL. HE ALSO CALLED UPON THE MALAYSIANS TO WORK WITH US IN A JOINT EFFORT TO COMBAT EEC AND JAPANESE RESTRICTIONS AND TO DEVELOP NEW MARKETS AND USES FOR ALL VEG OILS.

5. ON ARRIVAL BACK IN KUALA LUMPUR THE SECRETARY REPEATED HIS REMARKS BEFORE A PRESS CONFERENCE AT THE AIRPORT AND DURING A 10-MINUTE INTERVIEW SESSION WITH RTM A FEW MINUTES LATER.

6. THE ENTIRE PARTY ATTENDED A DINNER GIVEN BY THE MINISTER OF PRIMARY INDUSTRIES, DATUK MUSA HITAM. DURING THE COURSE OF HIS REMARKS TO THE GUESTS, THE MINISTER SAID MALAYSIA WOULD REDUCE EMPHASIS ON PLANTING OF OIL PALMS DURING THE THIRD MALAYSIA PLAN BUT POINTED OUT THAT MALAYSIA WAS DEFINITELY IN PALM OIL PRODUCTION TO STAY.

7. SPEAKING TO REPORTERS AT THE AIRPORT FOLLOWING THE SECRETARY'S DEPARTURE MINISTER MUSA SAID THE GOM WELCOMED THE ADMINISTRATION'S ASSURANCES THAT IT WOULD OPPOSE RESTRICTIONS ON MALAYSIANS PALM OIL IMPORTED INTO THE U.S. DATUK MUSA DESCRIBED THE SECRETARY'S WORDS AS "VERY POSITIVE". HE ADDED THAT HE WAS IMPRESSED WITH SECRETARY BUTZ'S POINT THAT THE U.S. IS ITSELF A MAJOR EXPORTER OF VEG OILS, AND THAT ANY U.S. MOVE TO RESTRICT SUCH TRADE WOULD IN THE END BE COUNTER PRODUCTIVE.

8. THE NEW STRAITS TIMES EDITORIALIZED AFTER THE VISIT THAT OIL PALM GROWERS WOULD BE CHERRED BY THE NEWS THAT THE U.S. ADMINISTRATION IS OPPOSED TO

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RESTRICTIVE TRADE PRACTICES. IT CAUTIONED, HOWEVER, THAT MALAYSIANS MISS THE POINT IF THEY TAKE THAT AS A GUARANTEE THAT NO ACTION WILL EVER BE TAKEN. MALAYSIA SHOULD PREPARE FOR THE WORST, THE EDITORIAL COUNSELED, AND CALLED FOR BROADER MARKET DEVELOPMENT ACTIVITIES IN SUCH AREAS AS THE MIDDLE EAST, EAST ASIA AND EASTERN EUROPE, TO DIVERSIFY MARKET OPPORTUNITIES.

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